

HOUSE BILL REPORT

SHB 2447

As Passed House:

February 11, 2006

Title: An act relating to extending the expiration date for funding the construction of new regional centers.

Brief Description: Extending the state sales and use tax credit for certain public facilities districts.

Sponsors: By House Committee on Finance (originally sponsored by Representatives Condotta and Armstrong).

Brief History:

Committee Activity:

Finance: 1/18/06, 1/24/06 [DPS].

Floor Activity:

Passed House: 2/11/06, 95-0.

Brief Summary of Substitute Bill

- Allows public facilities districts formed by September 1, 2006, to impose a 0.033 percent sales tax if construction on the regional center begins by April 1, 2007.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 11 members: Representatives McIntire, Chair; Hunter, Vice Chair; Orcutt, Ranking Minority Member; Roach, Assistant Ranking Minority Member; Ahern, Condotta, Conway, Ericks, Hasegawa, Santos and Shabro.

Staff: Rick Peterson (786-7150).

Background:

Both cities and counties have the authority to create Public Facilities Districts (PFD). A PFD is a municipal corporation and a taxing authority. In the case of a city-created PFD, its purpose is to build or rehabilitate and operate a regional center costing at least \$10 million. A regional center includes a convention center, special events center and related parking facilities.

Cities and counties may agree to create and jointly operate a PFD.

A PFD may assess a 0.033 percent sales and use tax if the PFD was formed by July 31, 2002, and construction began by January 1, 2004. This tax is deducted from the state sales tax and is not an increase to taxpayers. This tax may only be used to finance regional centers.

The combined total tax levied cannot be greater than 0.033 percent. If both a city and a county impose the tax, the city's tax is credited against the county's tax.

Summary of Substitute Bill:

A PFD formed by September 1, 2006, may impose the 0.033 percent sales tax if construction of the regional center begins by April 1, 2007. The extension of the special sales tax is limited to PFDs located in counties where PFDs have not been created as of the effective date of the bill.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.

Testimony For: This is a reenactment of legislation for areas that were not ready to take advantage of the earlier program. This will help continue the diversification of the Wenatchee area economy from a strictly agricultural base to a more diverse economy. This bill will help bring housing, recreation, and cultural activities to Wenatchee. Wenatchee will build a multipurpose event center with seating for 5,000 to 7,000. The facility will have two ice sheets and expects to be ready for use by hockey teams participating in the 2010 Vancouver Olympics. The new facility will allow Wenatchee to host larger conventions that need more exhibit space. This center will be positive for the economic development of North Central Washington. The construction of the center and related housing will provide jobs in the area. The bonds for the center will be paid from the sales tax credit money and from operating revenues.

Testimony Against: None

Persons Testifying: Representative Condotta, prime sponsor; Dennis Johnson and Allison Williams, City of Wenatchee; Linda Haglund, Wenatchee Valley Sports Council; Roger Clute, Wenatchee Valley Convention and Visitor Bureau; and Ken Blodgett, Blodgett Properties.

Persons Signed In To Testify But Not Testifying: None.